

SOUTH DAKOTA STATE RAILROAD BOARD MEETING

June 17, 2015 @ 11:00 AM

DOT Building – Commission/Boardroom

Pierre, South Dakota

MEMBERS: Todd Yeaton, Chair  
Carl Anderson via phone  
Jeff Burket  
Jerry Cope  
Sheldon Cotton  
Gary Doering  
Harlan Quenzer

OTHERS: Russell Olson, Toby Qualm, Tonya Aldrich, Brandon Hunt, Mike Williams, John Garner, Lester Thompson Jr., Toby Morris, Alex Huff, Dick ??, Brian Hammerbeck, Dick Huff, Ken Cotton, Ralph Marquardt, Gerald "Tub" Harrington, Jack Parliament (via phone), and Bob Mercer

STAFF: Bruce Lindholm, Darin Bergquist, Kellie Beck, Lynn Kennison, Misty Siedschlaw, Bonnie Olson, Karla Engle, Kristi Sandal, and Jeryl Lynn Stein

**Agenda Items:**

Call to order

- 1) Approve the minutes of meeting on May 15, 2015
- 2) Presentation by Legislative Audit on Regional Railroad Authority audits findings
- 3) Discussion on Dakota Mill & Grain request to purchase property in Presho, SD
- 4) Discussion on Reliance Rail LLC construction of private industrial siding
- 5) Discussion on Napa RRA lease and sub-lease
- 6) Discussion on Maple Street Yard lease request
- 7) Discussion on loan application submitted by South Dakota Pulse Processors, LLC
- 8) Discussion on 06-10-2015 bid opening

Chair Yeaton called the regular meeting of the South Dakota State Railroad Board (the "Board") to order at 11:00 a.m. with a quorum present.

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- 1) Motion by Burket, second by Quenzer, to approve the May 15, 2015, Railroad Board meeting minutes. Motion carried by roll call vote (all aye).

## **Bruce Lindholm, Office of Air, Rail, and Transit**

### **2) Presentation by Legislative Audit on Regional Railroad Authority audits findings**

Russell Olson with Legislative Audit presented to the Board the audit results for the 13 Regional Railroad Authorities.

Motion by Cotton, second by Doering, to allow the Board one week to review the packet provided by Legislative Audit and hold a conference call/meeting at 1:00 p.m. on June 25, 2015, to respond to Legislative Audit's findings. Motion carried by roll call vote (all aye).

### **3) Discussion on Dakota Mill & Grain request to purchase property in Presho, SD**

Cope recused himself from discussion of Agenda Item 3.

Lindholm provided information to the Board regarding Dakota Mill & Grain, Inc.'s request to purchase state owned railroad property located in Presho. Dakota Mill & Grain, Inc. proposes to use the property for railroad purposes.

Motion by Quenzer, second by Burket, to (1) direct Department staff to meet with representatives of Dakota Southern Railway Company, Dakota Mill & Grain, Inc., and Board members Sheldon Cotton and Jeff Burket to discuss the property proposed for purchase and conduct an on-site review of the property; and (2) direct Cotton and Burket to provide a report to the Board at a later meeting concerning the property recommended for purchase. Motion carried by roll call vote (6 aye, 1 abstain [Cope]).

### **4) Discussion on Reliance Rail LLC construction of private industrial siding**

Agenda Item 4 was deferred to a later meeting at the request of the Department.

### **5) Discussion on Napa RRA lease and sub-lease**

The following parties addressed the Board concerning various proposals for a long-term lease of a portion of the Napa to Platte line: representatives of Napa-Platte Regional Railroad Authority; a representative of Dakota Southern Railway Company; Ralph Marquardt on behalf of Marquardt Family Trust; and Toby Morris on behalf of Dakota Plains.

Anderson left the meeting at 12:31 p.m. by terminating his telephone connection prior to voting on any further motions.

Motion by Cotton, second by Doering, to extend the current lease and sub-lease for a portion of the state-owned Napa to Platte line for 90 days, to September 20, 2015. Motion carried by roll call vote (all aye).

Motion by Cope, second by Burket to request that the interested parties submit more detailed proposals for long-term leasing of the state-owned Napa to Platte line, with all proposals to be submitted at least seven days prior to the Board's regular meeting in September. Motion carried by roll call vote (all aye).

6) Discussion on Maple Street Yard lease request

Burket recused himself from discussion of Agenda Item 6.

American Colloid Company requested that the Board approve a lease of the Maple Street Yard. The Maple Street Yard is the western terminus of the MRC line between East Blvd and Lacrosse Street in Rapid City.

Motion by Cotton, second by Cope, to authorize the Secretary or his designee to execute a lease of the Maple Street Yard to American Colloid Company on the following terms: (1) American Colloid Company will promptly make repairs to the track, at the company's expense, that will make the tracks useable for \_\_\_\_\_; (2) if the repairs are completed to the satisfaction of the Department, then the annual lease payment of \$5,425 will not apply until the beginning of the fifth year of the lease.

Motion carried by roll call vote (5 aye, 1 abstain [Burket]).

7) Discussion on loan application submitted by South Dakota Pulse Processors LLC

Agenda Item 7 was removed from the agenda as the matter is not ready for Board consideration.

8) Discussion on 06-10-2015 bid opening

Lindholm provided information regarding bid openings from June 10, 2015. The Department recommends approval for the bid from Railroad Materials Salvage, Inc. for five miles of rail on the MRC reconstruction project.

Motion by Quenzer, second by Burket, to accept bid made by Railroad Materials Salvage, Inc., in the amount of \$1,056,608 for five miles of rail on the MRC reconstruction project.

Motion carried by roll call vote (all aye).

Break 1:40 p.m.-1:50 p.m.

Lindholm presented the as-read bid tabs to the Board. A discussion ensued concerning the cost of the rehabilitation work and available funding sources. Chair Yeaton and Cope recused themselves from the discussion. Vice-Chair Cotton presided over the discussion.

Motion by Doering, second by Burket, to: (1) reject the bids made by Balfour Beatty and Musselman & Hall Contractors on account of failure to properly sign and submit correct documents; and (2) accept the bid made by Railworks Track Systems, Inc.

Doering withdrew motion with the consent of Burket. .

Motion by Quenzer, second by Burket, to table consideration of the bids until the next Board meeting on June 25, 2015, at which time the Board will consider mechanisms to fund the MRC reconstruction project..

Motion carried by roll call vote (4 aye, 2 abstain [Cope and Yeaton]).

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Chair Yeaton re-entered the meeting as Chair.

The meeting was adjourned at 2:44 p.m. upon a motion for adjournment by Cotton, seconded by Doering.

Next meeting is scheduled for June 25, 2015, at 1:00 p.m.